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ANNUAL REPORT

INSURANCE BRANCH

BENEFITS AND SERVICES DIVISION

OFFICE OF PERSONNEL

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Section I

Major Accomplishments and Significant Developments

1 July 1959 - 30 June 1960

Attached, as part of this report, is a summary of Insurance activity during the reporting period, which shows to some degree the increased workload that is presently developing and which, during the ensuing year, will increase to the point where additional manpower may be necessary.

It is very difficult, if well-nigh impossible, to accurately picture the man-hours required in handling various functions in this Branch, since each application, each claim, and even each informational telephone call is based on a different set of facts and is therefore handled as a separate complete problem. Time spent on each such case varies to a great extent, especially in the field of claims. It becomes obvious that even if work measurement were possible, because of these variances, an accurate assessment of time spent in processing applications and claims would be most difficult. As an example, on an application for life insurance, it is not unknown for as many as ten phone calls to be required to obtain such items as additional money, medical information or to obtain true or pseudonyms, as the case may be.

These facts are presented merely to help the recipients of these reports obtain a complete picture of the complexity of the Insurance operation, as opposed to the idea that because volume is involved in production, work is strictly of the routine "production-line" nature.

Insurance Program in General

During the past year certain GEHA programs have shown significant growth, each of which is detailed in the following paragraphs.

The one showing the greatest increase in coverages extended is, of course, the hospitalization and surgical plan, underwritten by Mutual of Omaha, as a result of the enactment of the Federal Employees Health Benefits Act of 1959. When finally implemented, such implementation to be described in the next report, it is expected that enrollments will increase as much as 35% in number.

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Apparently as a result of the last "return of premiums" to all UBLIC policyholders, enrollment in that program increased about 8% with an increase in force of about \$2,500,000.00. Every indication presently points to a continued increase in this program.

The WAEPA life insurance program also enjoyed a steady increase of about \$250,000. Death claims under both life insurance programs doubled in number, from six for a total of \$84,000.00 to twelve for a total of \$150,000.00.

All of the other plans administered by GEHA (the Insurance Branch) showed a steady increase in membership, except the Emergency Travel program which showed a slight decrease.

Due to the fact that the presently available Air Trip Coverage does not provide for benefits necessitated as a result of riding as a passenger on military aircraft, on a "one-shot" deal, a new contract was consummated by the Board of Directors and the officers of GEHA with Mutual of Omaha. This provides protection during a trip to be completed, within 30 days. For trips which require more than 30 days for completion, two applications are accepted, one for each one-way trip.

Specific Major Accomplishments:

1. The second return of premiums to UBLIC policyholders whose coverage was in force on 31 July 1959, was accomplished without additional help. This was completed before Christmas with [REDACTED] receiving checks in the amount of \$108,661.03. Since two signatures on all GEHA checks are required, to expedite these payments, a new pre-signed check was procured and used for the first time. There remains enough of the original supply to complete the next return of premiums project.

2. A project was begun, whereby all beneficiary designations on WAEPA and UBLIC life insurance were checked for currency by the Branch Chief. This was accomplished by forwarding appropriate beneficiary forms to the insured for completion and return by him. This involved approximately [REDACTED] ?

3. The new "Association Insurance Programs" booklet, dated 31 March 1960, was prepared by the Branch and distributed to employees. This booklet is an up-to-date description of the plans offered by GEHA. The Chapter on the Federal Employees Health Benefits Act coverage will be added later. 25X1C

4. In February 1960, arrangements were made for the [REDACTED]

Specific Major Accomplishments (continued)

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[REDACTED]
Details were worked out and coordinated by the Insurance Branch and the Office of Security.

5. Since the new hospitalization and surgical coverage became effective 10 July 1960, the various forms associated with the previous Mutual (GEHA) plan will no longer be of use. Hence a screening of folders has been started by which all such unnecessary material is removed from folders and boxed for storage at the records center. This is a time-consuming project since it involves upwards of [REDACTED]

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6. The Branch prepared the original draft of the Civil Service booklet for use by them as a guide. Due to security involvements, arrangements for printing and distribution by our own facilities were made. A great deal of time was spent by the Branch Chief in this project, in coordinating such printing, proof-reading, distribution, etc. between printing services here and the Civil Service Commission. Even with the transportation of the forms between the Civil Service Commission and points within the Agency, security requirements presented quite complicated problems. The stuffing of the envelopes was accomplished with the excellent assistance of "pool" personnel.

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7. After discussions with the Office of Security a fund

[REDACTED]

25X1C

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This fund is administered by the Branch Chief and Deputy Branch Chief.

8. As mentioned above, a new Military Air Trip program was adopted in January 1960, providing for certain coverages for personnel desiring one-way or round-trip protection while a passenger on an aircraft operated by the Department of Defense. This new plan was necessitated due to the fact that under the Air Trip plan, such flights were specifically excluded. Information on this newest plan was incorporated in the new Association Insurance Programs booklet.

9. During the past year, lectures were given to all E.O.D.'s by representatives of the Branch. In addition, the Branch Chief lectured to individual groups, such as recruiters, personnel officers of components, as well as to those attending the Personnel Officer Training Course. Briefings continue to be given to groups and individuals departing from and returning to headquarters.

Representatives of the Branch continue to staff the GEHA booth in the Support Exhibit. A great deal of time was and will continue to be spent, on the part of the Branch Chief, in discussions with individual members of the Emergency Task Force on insurance matters, as well as with individual employees of all grades on their own personal insurance problems.

10. The regular quarterly microfilming of the Insurance Branch records for the Vital Documents file was completed in August, December, and March.

11. An audit of the Insurance Branch records by a representative of the Audit Staff, covering the year ending 31 December 1959 was completed in March 1960.

12. The period from September 1959 to June 30, 1960 saw most of the planning for the operational phases of the new health (FEBHA) plan completed. Numerous meetings were held with representatives of Fiscal Payroll, Comptroller, Technical Audit Staff, Machine Records, and Finance with regards the financial implications involved. Representatives of the Branch attended several all-day briefings on processing procedures conducted by Civil Service. Civil Service Commission brochures of the plans available to Agency employees and the accompanying registration forms were distributed to headquarters and the field. Numerous indoctrinating talks were given by the Division Chief, the Branch Chief, and other branch personnel on the new program, as well as a meeting for all Administrative Officers or their representatives on May 24, 1960, at R. & S. Auditorium.

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During the period of 1 June through 30 June, nearly [REDACTED] Registration Forms were received in the Branch, and of these nearly [REDACTED] have been completely processed. Due to the limited manpower a great deal of overtime was necessary between June 20 and June 30; about 262 hours overtime by Branch personnel, and 40 hours compensatory time by the Chief and Deputy Branch Chief. This workload naturally caused a sizeable backlog in normal workloads which will be reduced by additional overtime.

During this closing period of the fiscal year the obvious questions and phone calls for information further resulted in an indescribable consumption of time.

13. The Branch Chief, as Secretary-Treasurer of GEHA, provided the Division Chief, and the Board of Directors with constant detailed statistical reports for use in deliberating policies involving the insurance program. Minutes and reports

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of the regular Board meetings constitute further duties required, together with the preparation of notices, ballots, and other functions associated with the annual election of GEHA officers. Assistance in these duties is afforded by the Deputy Branch Chief (Assistant Secretary), and the Supervisor, Claims Unit (Assistant Treasurer), when required.

The following Section reflects a report of the operational activities of this Branch for the reporting period.

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Section II

Summary of Insurance Activity

1 July 1959 - 30 June 1960

Type of Coverage

WAEPA

New Applications	90	
Reinstatements	2	
Cancellations	76	
Policies in Force		25X9
Insurance in Force	\$16,625,000.00	
Claims (1)	\$ 30,000.00	

UBLIC

New Applications	282	
Reinstatements	7	
Cancellations	103	
Policies in Force		25X9
Insurance in Force	\$27,465,000.00	
Claims (2)	\$ 120,000.00	

Total Life Insurance \$44,090,000.00

MUTUAL

New Applications		
Reinstatements		25X9
Cancellations		
Policies in Force		
Claims Paid	\$ 648,196.78	
No. of Claims		
Average per Claim	\$	25X9

AIR FLIGHT

New Applications		25X9
Cancellations (3)		
Policies in Force		25X9
Claims Paid	\$ 35.00	
No. of Claims	1	

- (1) Two Deaths (two at \$15,000.00)
- (2) Ten Deaths (one at \$3,000.00, one at \$6,000.00, one at \$9,000.00, one at \$12,000.00, and six at \$15,000.00)
- (3) All policies automatically cancel after being in force one year.

Type of Coverage (continued)

INCOME REPLACEMENT

New Applications	30
Cancellations	20
Policies in Force	181
No. of Claims	10
Claims Paid	\$ 2,485.01
Reinstatements	0


SPECIFIED DISEASES

New Applications		25X9
Reinstatements		
Cancellations		
Policies in Force		25X9
No. of Claims	6	
Claims Paid	\$ 697.76	

TRAVEL-MATIC

New Applications		25X9
Reinstatements		
Cancellations		
Policies in Force		

EMERGENCY TRAVEL

New Applications		25X9
Cancellations		
Policies in Force		
No. of Claims	4	
Claims Paid	\$ 1,570.90 *	

TEN-UP HOSPITALIZATION

New Applications	61
Reinstatements	1
Cancellations	26
Policies in Force	167
No. of Claims	28
Claims Paid	\$ 2,459.00

TEN-UP LIFE

New Applications	25
Cancellations	11
Policies in Force	68
Insurance in Force	\$340,000.00

* A claim in the amount of \$466.64 paid directly by Underwriter; claim included in number of claims, but amount not included in total amount of claims paid

Type of Coverage (continued)

FLITE PLAN

New Applications
Cancellations
Policies in Force

MILITARY AIR FLIGHT TRIP

New Applications
Cancellations
Policies in Force

25X9

Section III

Specific Plans for Fiscal Year 1961

(7/1/60 - 6/30/61)

1. Complete processing of all Registration Forms under the new health program (FEHBA) will be accomplished with top priority. Since the Federal Employees Health Benefits Act of 1959 provides that each employee must fill out a Registration Form whether he wishes to enroll in one of the available plans or chooses NOT to enroll, a great deal of effort and time will be expended in tracing the employees who have not filed, and with the necessary slow follow-up.

25X9A2 A by-product of the new program is the destruction or other disposal of the old GEHA (white) identification cards and the issuance of the new; one for high-option and one for low-option. Cards for all eligible employees will be prepared and forwarded to Central Cover Branch for determination as to whether or not each employee may or may not have them. It is anticipated that the initial load will approximate [REDACTED]

As was indicated previously to employees, a new chapter incorporating all possible information on the new Federal Health Program (hospitalization plan) will be incorporated as an additional chapter, for permanency, in the GEHA booklet, "Association Insurance Programs."

25X9A2 2. It is anticipated that all obsolete material will be transferred from the [REDACTED] to Records Center, during the year, this being the material associated with the previous Mutual plan.

3. Arrangements will be completed for the establishment of an entirely separate bank account for the new Mutual hospitalization program, thereby eliminating any security problem should accountings for this plan be reviewed by the Civil Service Commission.

4. The reviewing of all beneficiary designations on WAEPA and UBLIC contracts will be completed.

5. Plans will be completed and operations started as soon as possible, on the newly proposed program for Contract Employees. This hospitalization and surgical plan will replace the old "Ten-Up" plan.

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6. As soon as work-loads return to normal, a refund of all advance premiums on the old Mutual contract will be accomplished.

7. Some time before the end of the calendar year of 1960, it is anticipated that another "return of premiums" to UBLIC life insurance policyholders will be effected.

8. A very great increase in the number and size of claims under the new Federal Health Program must be anticipated, especially in view of the double handling involved when invoking the "Major Medical \$100.00 Deductible" portion. This, together with a natural increase in enrollments due to new E.O.D.'s and lack of many lapses for non-payment, should clearly indicate the need for additional help on claims.

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Section IV

Projected Work-Load Statistics

for Fiscal 1961 - 1962

1. No significant changes are contemplated at this time for Fiscal 1962, other than the normal increase in the over-all insurance program, with its necessary accompanying increased work-loads.

2. Work will have to be planned and carried out regarding the new location of the Branch at such time as the new building will be completed.